

# *Audit*

# *Report*



## **Task Orders Awarded by the Air Force Center for Environmental Excellence in Support of the Coalition Provisional Authority**

**Report Number 04-004**

**July 28, 2004**

**Office of the Inspector General  
Coalition Provisional Authority**

<b>Report Documentation Page</b>			<i>Form Approved OMB No. 0704-0188</i>	
<p>Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p>				
1. REPORT DATE <b>28 JUL 2004</b>	2. REPORT TYPE	3. DATES COVERED <b>00-00-2004 to 00-00-2004</b>		
4. TITLE AND SUBTITLE <b>Task Orders Awarded by the Air Force Center for Environmental Excellence in Support of the Coalition Provisional Authority</b>			5a. CONTRACT NUMBER	
			5b. GRANT NUMBER	
			5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)			5d. PROJECT NUMBER	
			5e. TASK NUMBER	
			5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Office of the Special Inspector General for Iraq Reconstruction,400 Army Navy Drive,Arlington,VA,22202-4704</b>			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSOR/MONITOR'S ACRONYM(S)	
			11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>				
13. SUPPLEMENTARY NOTES				
14. ABSTRACT				
15. SUBJECT TERMS				
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>Same as Report (SAR)</b>	18. NUMBER OF PAGES <b>22</b>
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>	19a. NAME OF RESPONSIBLE PERSON	

## Acronyms

---

AFCEE	Air Force Center for Environmental Excellence
CPA	Coalition Provisional Authority
ENRAC	Environmental Remediation and Construction
ID/IQ	Indefinite Delivery/Indefinite Quantity
IRRF	Iraq Relief and Reconstruction Fund
JCS	Joint Chiefs of Staff
MOA	Memorandum of Agreement
NIA	New Iraqi Army
PMO	Program Management Office
PCO	Project and Contracting Office
WERC	Worldwide Environmental Restoration and Construction contract



**COALITION PROVISIONAL AUTHORITY**  
**OFFICE OF THE INSPECTOR GENERAL**

July 28, 2004

**MEMORANDUM FOR CHIEF OF MISSION, BAGHDAD  
DIRECTOR, IRAQ PROJECT AND CONTRACTING  
OFFICE  
DIRECTOR AIR FORCE CENTER FOR  
ENVIRONMENTAL EXCELLENCE**

**SUBJECT: Task Orders Awarded by the Air Force Center For Environmental Excellence (Report 04-004)**

We are providing this report for information and use. We performed the audit in accordance with our statutory duties contained in Public Law 108-106 which mandates the conduct of audits relating to the treatment, handling, and expenditure of funds by the CPA or its successor entities on Iraq reconstruction, and of the programs, operations, and contracts, carried out in utilizing such funds.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the assistance extended to the staff. Questions should be directed to Mr. Gerald P. Montoya at (703) 428-1001. The team members contributing to this report are listed in Appendix D of this report.

Stuart W. Bowen, Jr.  
Inspector General  
Coalition Provisional Authority

**Office of the Inspector General  
Coalition Provisional Authority**

**Report Number 04-004**

**July 28, 2004**

**Task Orders Awarded by Air Force Center for Environmental Excellence in Support of the Coalition Provisional Authority**

**Executive Summary**

**Introduction:** As of May 31, 2004, the Air Force Center for Environmental Excellence (AFCEE) had awarded task orders valued at \$481.2 million supporting the reconstruction of Iraq. AFCEE made these awards at the request of the Coalition Provisional Authority (CPA). Contractor execution of these contracts is overseen by AFCEE with the assistance of the U.S. Army Corps of Engineers.

**Objective:** The objective of the audit was to evaluate policies and procedures used by the CPA, the CPA Program Management Office (PMO), and AFCEE to award Iraqi reconstruction task orders under the AFCEE Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts. Specifically, we evaluated those policies and procedures associated with acquisition planning, source selection, use of free and open competition, and contract negotiation.

**Audit Results:** AFCEE's role in the reconstruction of Iraq has expanded beyond the original role envisioned by the Department of Defense (DoD) and the CPA. The CPA had urgent reconstruction requirements, estimated to be \$238.6 million, for the New Iraqi Army. DoD authorized AFCEE to support those requirements. As of May 31, 2004, AFCEE had awarded \$439 million in task orders in support of reconstruction requirements for the New Iraqi Army. However, AFCEE has also awarded three task orders, valued at \$42 million and has four pending task orders, estimated to be \$48 million, for reconstruction work not related to New Iraqi Army requirements. The expansion of AFCEE's role has occurred because there was no agreement in place between CPA and AFCEE establishing the extent and nature of the work that AFCEE should provide under its contracts. AFCEE's role in awarding task orders on behalf of the CPA is not clearly defined, and thus the continued use of AFCEE's contract vehicles provides less transparency to the public than necessary. An agreement between the CPA and AFCEE would have clarified the scope of AFCEE's support and lent transparency to the task order award process.

**Recommendation:** We made one recommendation. The CPA's successor agency with responsibility for reconstruction of Iraq should execute a Memorandum of Agreement with AFCEE to clarify the scope of projects that AFCEE is expected to support. The MOA should specify contractor requirements (such as small or minority businesses) and define mutual contract administration responsibilities. As necessary, the MOA should be updated so that it accurately reflects the business relationship between the CPA's successor and AFCEE.

**Management Comments.** AFCEE and the Iraq Project and Contracting Office (formerly the PMO) concurred and have drafted an MOA to clarify the roles and responsibilities of their respective organizations. The MOA is expected to be completed by August 15, 2004. The MOA will address the scope of new construction projects AFCEE will execute on behalf of CPA's successor, the Iraq Project and Contracting Office. The MOA also addresses roles and responsibilities between AFCEE, the Iraq Project and Contracting Office, and the U.S. Army Corp of Engineers. The U.S. Army Corp of Engineer is the designated Iraq Project and Contract Office field oversight organization.

**Audit Response.** The Air Force and the Iraq Project and Contracting Office comments are fully responsive. The MOA is intended to provide more transparency for the Congress and the public. Additionally, the agreement will define the services that AFCEE will provide the Iraq Project and Contracting Office through its pool of ID/IQ contracts and will provide CPA's successor agency clarity on scope of use.

# **Table of Contents**

---

<b>Executive Summary</b>	i
<b>Background</b>	1
<b>Objective</b>	3
<b>Finding</b>	
Transparency of AFCEE's Role in the Reconstruction of Iraq	4
<b>Recommendation</b>	8
<b>Appendices</b>	
A. Scope and Methodology	9
B. AFCEE WERC Iraq Reconstruction Task Orders	10
C. Distribution List	11
D. Audit Team Members	16
<b>Management Comments</b>	
Air Force Comments	13
Iraq Project and Contracting Office	14

# Background

---

**Air Force Center for Environmental Excellence.** Before the Air Force Center for Environmental Excellence (AFCEE) was formed, there was no centralized office where Air Force commanders could go for assistance with their installation's environmental and construction programs. That situation changed in 1991, when AFCEE was created as a field operating agency of the Air Force Civil Engineer, headquartered at Brooks City-Base, San Antonio, Texas. AFCEE's mission is to provide technical and professional services in environmental and installation planning and engineering, and military housing construction and privatization. Throughout the 1990's construction became a larger part of AFCEE's mission.

**WERC Contract.** The Worldwide Environmental Restoration and Construction (WERC) contracts are one of several current AFCEE contract programs. WERC is the fifth in a series of worldwide Indefinite Delivery/Indefinite Quantity (ID/IQ) environmental/construction contracts that began in the early 1990's. The predecessor to WERC was the Environmental Remediation and Construction (ENRAC) contract. ENRAC had a \$750 million ceiling, and the contract was expended 3 years into the life of the 5-year contract. AFCEE's WERC contract has a program ceiling of \$4 billion with the capacity to increase to \$10 billion.

**WERC Contract Competition.** There are two levels of competition in AFCEE's WERC ID/IQ contract vehicles. During the first level of competition, 40 contractors submitted proposals to participate in WERC contracts, and 27 were awarded contracts in November and December 2003. Sixteen of these contractors are small businesses. The 27 WERC contracts are identical, with the exception of the contractor's rate structure and its various partners/subcontractors. Four of the 11 large contractors (or their affiliates) that were awarded WERC contracts were also awarded sector contracts by the Coalition Provisional Authority (CPA). A second level of competition occurred when each individual task order is competed among the 27 contractors awarded contracts. When task orders are to be issued, any of the 27 contractors are provided a fair opportunity to submit proposals for evaluation by the government. Final award of a task order is based upon the government's evaluation of each proposal using technical and cost selection criteria that is in the best interest of the government.

The WERC basic contract statement of work defined the scope of a full range of construction and engineering activities to meet all customer requirements. Construction and engineering activities may include environmental requirements, military family housing, light commercial projects, fuels projects, traditional military construction, community development projects, and emerging requirements such as homeland security and force protection projects.

**Congressional Mandate.** P.L. 108-106 requires that appropriated funds for use in the reconstruction of Iraq be contracted out through full and open competition. Any exception requires approval of the Administrator of the CPA and the head of the executive agency; and it additionally requires notification to Congress within 7 days prior

to the award of contracts under processes other than full and open competition. Congressional notification must include the justification for use of other than full and open competitive procedures, a brief description of the contract's scope, the amount of the contract, a discussion of how the contracting agency identified and solicited offers from contractors, a list of the contractors solicited, and the justification and approval documents disclosing the determination on the uses of other than full and open competition. The competition requirement also applies to any extension, amendment or modification of a contract entered into prior to the enactment of P.L. 108-106.

**Use of ID/IQ contract vehicles.** Since competition law does not require competition beyond that obtained for the initial contract and since each task order was properly competed, there were no legal or policy barriers preventing AFCEE from issuing task orders on behalf the CPA for the reconstruction of Iraq. The Federal Acquisition Regulation provides for the sharing of existing contract vehicles between agencies. For example, the Deputy Secretary of Defense assigned responsibility for acquisition and program management support for the CPA to the Secretary of the Army. The U.S. Army policy is to make maximum use of existing indefinite delivery contracts as their use generally results in reduced procurement lead-time. Furthermore, Army guidance also encourages the use of existing contracts and states that procurement officials should only pursue the award of a new contract, if there were no existing contractual vehicles (including other agencies contracts) that would satisfy the requirement.

# **Objective**

---

The overall audit objective was to evaluate the procedures used by the CPA, the CPA Program Management Office (PMO), and the AFCEE leading to award of Iraq reconstruction task orders under AFCEE ID/IQ contracts. Specifically, we evaluated policies and procedures associated with acquisition planning and all processes leading to award of ID/IQ and subsequent Iraq Reconstruction task orders.

# **Transparency of AFCEE's Role in the Reconstruction of Iraq**

---

AFCEE's role in the reconstruction of Iraq has expanded beyond the original role envisioned by the Department of Defense (DoD) and the CPA. The CPA had urgent reconstruction requirements, estimated to be \$238.6 million, for the New Iraqi Army (NIA). DoD authorized AFCEE to support those requirements. As of May 31, 2004, AFCEE had awarded \$439 million in task orders in support of reconstruction requirement for the NIA. However, AFCEE has also awarded three task orders, valued at \$42 million and has four pending task orders, estimated to be \$48 million, for reconstruction work not related to NIA requirements. The expansion of AFCEE's role has occurred because there was no agreement in place between CPA and AFCEE establishing the extent and nature of the work that AFCEE should provide under its contracts. AFCEE's role in awarding task orders on behalf of the CPA is not clearly defined, and thus the continued use of AFCEE's contract vehicles provides less transparency to the public than necessary. An agreement between the CPA and AFCEE would have clarified the scope of AFCEE's support and lent transparency to the task order award process.

## **CPA Use of AFCEE Contract Vehicles**

**CPA Urgent Requirements.** According to PMO, the NIA projects were a top CPA priority and had a target completion date for June 2004. Because there was insufficient time for the CPA to competitively award contracts and meet the construction target date, CPA searched for existing contract vehicles that they could use to assist in completing the project. CPA determined that AFCEE's existing WERC ID/IQ contract was an ideal solution to meet their urgent requirements for the NIA renovation. AFCEE's WERC contract had been competitively awarded and the Director of AFCEE made an informal commitment to provide up to \$1 billion of contracting capacity. The CPA also cited the small business contractors in the WERC pool as an opportunity for the CPA to meet its own small business contracting objectives.

**CPA's Request for Assistance.** On December 7, 2003, a memorandum from the Administrator of CPA to the Air Force Chief of Staff requested assistance from AFCEE for the renovation of facilities for the NIA. The request stated that the CPA was engaged in an ambitious program to restore the infrastructure of Iraq and return the country to Iraqi control. An important part of this effort was the establishment of a NIA, which needed renovated buildings at former Iraqi military installations.

The Administrator's request also stated that the U.S. Congress approved a Supplemental Appropriation, which included \$745 million to construct facilities for the NIA. The CPA PMO, which managed the Iraq Relief and Reconstruction Fund (IRRF), critically needed a contracting vehicle to begin constructing facilities on or before January 15, 2004, to maintain the program schedule. The request also highlighted CPA's desire to use the WERC contract that AFCEE had awarded.

The project was valued at \$238.6 million. As outlined in the request, the requirement included NIA facilities at Tadji, An Numahniya, Al Kisik, Umm Qsar, Krikush, Kirkuk, Al Hillah, and Baqcuba. The project was planned, programmed, and validated by PMO, and used IRRF dollars to fund the project.

**Approval of CPA's Request.** On December 29, 2003, the Director of AFCEE, confirmed that AFCEE had agreed to provide up to \$1 billion in WERC contract capacity to support the CPA NIA requirements, pending approval from the Chief of Staff, U.S. Air Force.

- **DoD Approval Process.** In response to the CPA Administrator's request, the Chief of Staff, U.S. Air Force, coordinated the CPA request for assistance through the Joint Chiefs of Staff (JCS). On January 15, 2004, the Vice Chairman of the JCS responded to the Air Force Chief of Staff and approved a memo, referenced subject, "Request for Assistance to Begin Contracting to Construct the New Iraqi Army." The memorandum stated that the JCS supported the Department's decision to begin the reconstruction and encouraged the Air Force to move forward in aiding the CPA Administrator. On January 16, 2004, the Air Force Civil Engineer informed the Director of AFCEE that AFCEE was cleared to proceed. On January 18, 2004, the Director of AFCEE informed AFCEE senior officials that AFCEE was cleared to assist in whatever capacity with their WERC contract.

No formal agreement was prepared by AFCEE and the CPA to document the scope of the assistance AFCEE was to provide.

## Task Orders Awarded

AFCEE's role in the reconstruction of Iraq expanded beyond CPA's original request of \$238.6 million, (which was approved by the JCS), to renovate NIA facilities. As of May 31, 2004, AFCEE awarded 15 task orders valued at \$481.2 million to support the reconstruction of Iraq. On January 22, 2004, AFCEE made the first 4 awards valued at \$191.1 million for the reconstruction of NIA facilities. According to AFCEE, the work called for in the 4 initial task orders is currently nearing completion. The next group of 8 task orders, valued at \$247.8 million, was awarded from March 26 through April 27, 2004. These task orders were also for additional NIA facility projects.

**Task Orders Evolving Beyond Renovation of NIA.** Beginning May 19 through May 25, 2004, AFCEE awarded 3 additional task orders valued at \$42.3 million for non-NIA projects. These task orders include reconstruction of schools, government office buildings, and pumping stations. These task orders appear to be outside the scope of the CPA's original request and JCS approval for assistance. The task orders include:

- **Repair and Renovation of Schools and Ministry of Environment Headquarters Building.** On May 19, 2004, AFCEE awarded a task order valued at \$29.2 million to repair schools located in 4 Iraqi Governorates and

renovate the Ministry of Environment Headquarters building. The scope of work for schools includes repairing or replacing sanitary and storm sewer works and plumbing systems, electrical systems, mechanical systems, the facility structure, and security. Tertiary work may focus on the assessment of facility additions. The scope of work for the Ministry of Environment headquarters building is to fully renovate the building, auditorium, and site to a fully operational and usable facility for headquarters functions.

- **Renovation of Ministry of Trade Headquarters Facilities.** On May 19, 2004, AFCEE awarded a task order valued at \$5.5 million for the complete reconstruction of the Ministry of Trade headquarters including site work such as sidewalks, parking, fencing, lighting, and roads. The scope also included civil works projects such as sanitary sewer and water systems, and electrical distribution systems, and other structural and architectural repairs.
- **Pumping Stations in the Cities of Karbala and Mandilee.** On May 25, 2004, AFCEE awarded task orders valued at \$7.6 million to repair irrigation pumping stations at Karbala and Mandilee. In Karbala, the scope includes restoring the pumping capacity of a pump station that conveys drainage water from productive agricultural lands in order to reduce soil salinity. In Mandilee, the scope includes restoring pumping capacity through rehabilitation of the pumps, pump station, operators' housing, and grounds, at a pump station that supplies treatable raw sewage water to the local water treatment plant.

**Pending Task Orders.** As of May 31, 2004, AFCEE had 4 pending task orders valued at \$47.9 million. These task orders included:

<u>Project Description</u>	<u>Estimated Amount</u>
1. Renovate Policy Academy	\$5,700,000
2. Renovate Baghdad Airport	\$12,000,000
3. Renovate Logistics/Police Academy at Erbil and Zahko	\$4,452,000
4. Construct bridges at Al Madeen, al Sharquat, and Burbriz	\$25,792,957
<b>Estimated Total</b>	<b><u>\$47,944,957</u></b>

The pending task orders and the task orders issued from May 19 through May 25, 2004, demonstrates a new scope of work that AFCEE is supporting and that was not in the original request from the CPA Administrator nor was it approved by the JCS.

## **Lack of a Formal Agreement**

The issuance of task orders beyond the original request occurred because there was no agreement in place between CPA and AFCEE establishing the extent and nature of task orders to be awarded in the reconstruction of Iraq. As demonstrated above, the continued use of AFCEE's WERC ID/IQ contract vehicle for projects beyond CPA's original requirements for renovation of NIA facilities has become unclear. In the absence of any formal guidance, it is unknown whether it is proper for AFCEE to continue to accept additional requirements beyond the original request to provide support for the reconstruction of NIA facilities.

An AFCEE official stated that AFCEE's support of CPA's reconstruction efforts began with such urgency that CPA and AFCEE did not foresee a need for a formal agreement, because AFCEE's role was clearly defined to renovate NIA facilities. A CPA PMO official stated that the CPA had not had any discussions with AFCEE regarding the establishment of a formal agreement to set out a more formal arrangement, in terms of AFCEE provided support.

## **Public and Congressional Interest and Sound Management Practices**

There is substantial Congressional and public interest that funds for the reconstruction of Iraq are obligated and expended in a transparent manner.

Given the magnitude of AFCEE's support to the CPA, an effective business relationship between the two agencies should define the scope of the agreement, protect the interests of both parties, and efficiently advance the reconstruction of Iraq.

## **Transparency of CPA Contracting**

AFCEE's role in awarding task orders on behalf of the CPA is not clearly defined, and the continued use of AFCEE's contract vehicles provides less than the necessary transparency to the public. For example, it is not clear that the renovations of NIA facilities are projects that are appropriate tasks under AFCEE contracts. Also, because the WERC contracts preceded the Iraq reconstruction, the \$481 million in construction projects were awarded without the need to notify the public.

A formal agreement between AFCEE and the CPA successor could require fundamental management tasks such as:

- Defining the extent and nature of AFCEE's support to the CPA successor, such as what projects will be accepted beyond the original request for renovation of facilities for NIA.
- Defining AFCEE's role to permit AFCEE to better plan the use of resources to support construction requirements.

- Documenting the AFCEE –PMO relationship to ensure continuity of operations, including contract management by the successor agency.

Such an agreement may provide more transparency for the Congress and the public. Additionally, the agreement will document the services that AFCEE was providing the CPA through its pool of ID/IQ contracts and will provide CPA's successor agency clarity on scope of use. Further, a formal agreement will allow AFCEE to plan for resources needed to support the needs of the successor agency.

By not ensuring sufficient transparency, CPA risked diminishing the confidence of the Congress and the American public in the integrity of its contracting process.

## **Recommendation, Management Comments, and Audit Response**

We recommended that the CPA's successor agency, the Iraq Project and Contracting Office, and the Director of AFCEE formalize a Memorandum of Agreement (MOA) detailing respective responsibilities. At minimum, the MOA should:

- Define the extent and nature of AFCEE's support for Iraq reconstruction such as what projects will be accepted beyond the original request for renovation of facilities for NIA.
- Define AFCEE's role to permit AFCEE to better plan for allocating resources to support reconstruction requirements.
- Document the AFCEE –PMO relationship to ensure continuity of operations, including expected contract management by CPA's successor agency.

**Management Comments.** AFCEE and the Iraq Project and Contracting Office (formerly the PMO) concurred and have drafted an MOA to clarify the roles and responsibilities of their respective organizations. The MOA is expected to be completed by August 15, 2004. The MOA will address the scope of new construction projects AFCEE will execute on behalf of Iraq Project and Contracting Office. The MOA also addresses roles and responsibilities between AFCEE, the Iraq Project and Contracting Office, and the U.S. Army Corp of Engineers. The U.S. Army Corp of Engineers is the designated field oversight organization.

**Audit Response.** The Air Force and the Iraq Project and Contracting Office comments are fully responsive. The MOA is intended to provide more transparency for the Congress and the public. Additionally, the agreement will define the services that AFCEE will provide the Iraq Project and Contracting Office through its pool of ID/IQ contracts and will provide CPA's successor agency clarity on scope of use.

## **Appendix A: Scope and Methodology**

---

We performed this audit from May to June 2004 in accordance with generally accepted government auditing standards. We performed our audit work at the following organizations:

- Air Force Center for Environmental Excellence, San Antonio, TX
- Air Force Center for Environmental Excellence, Baghdad, Iraq
- Headquarters, U.S. Air Force, Office of the Civil Engineer, Arlington, VA
- Coalition Provisional Authority (CPA) Program Management Office, Baghdad, Iraq

We reviewed the contract files for the 15 task orders awarded by AFCEE between January 22, 2004, and May 25, 2004. We conducted interviews of officials responsible for planning, programming, and contracting for renovation of NIA facilities and other projects. In addition, we reviewed and analyzed CPA's request for assistance and DoD's approval for renovation of NIA facilities. Our audit scope did not include verification regarding the status of any construction projects and accordingly expresses no opinion on project status.

## Appendix B: AFCEE WERC Iraq-Reconstruction Task Orders

---

The table below depicts the task orders awarded by AFCEE for Iraqi reconstruction, as of May 31, 2004.

	Contractor	# of Bids	Project Description	Location	Amount
1	Earth Tech, Inc.	6	Renovate the An Numaniyah Military Base	An Numaniyah	\$65,449,155
2	Shaw Environmental, Inc.	6	Renovate the Al Kasik Army Base Provide Permanent Utilities	Al Kasik Al Kasik	\$46,749,910 \$28,691,237 \$75,441,147
3	Parsons Infrastructure & Technology Group, Inc	7	Renovate Tadji Military Base Provide Permanent Utilities Provide Permanent Utilities	Tadji Tadji Tadji	\$26,336,252 \$4,782,102 \$2,673,137 \$33,791,491
4	Weston Solutions, Inc.	8	Renovate Umm Qasr Naval Base Provide Permanent Utilities	Umm Qasr Umm Qasr	\$10,279,724 \$6,087,706 \$16,367,430
5	AMEC Earth and Environmental, Inc	3	Renovate Tadji Army Aviation Base	Tadji	\$23,863,560
6	Environmental Chemical Corporation	6	Renovate and Construct New Brigade Kirkuk Military Base	Kirkuk	\$47,500,528
7	Shaw Environmental, Inc.	2	Renovate and Construct Al Kasik Army Base	Al Kasik	\$19,491,301
8	Weston Solutions, Inc.	6	Construct brigade facilities Tallil Military Base	Tallil	\$49,808,566
9	Laguna Construction Company, Inc.	3	Renovate and construct Ministry of Defense Headquarters	Baghdad	\$19,521,325
10	Environmental Chemical Corporation	6	Renovate and construct permanent Utilities at An Numaniyah Military Base	An Numaniyah	\$34,385,764
11	Environmental Chemical Corporation	3	Plan and construct site utilities for Kirkush Military Training Base	Kirkush MTB	\$16,957,621
12	Laguna Construction company, Inc.	3	Construct Ar Rastamiyah Military Academy	Ar Rastamiyah Military Academy	\$36,314,427
13	Environmental Chemical Corporation	2	Two projects: 1) Repair schools Governorate of Muthanna, thi-Qar, Missan and Wassit and 2) Renovate Ministry of Environment Headquarters Building		\$29,188,920
14	Tetra Tech FW, Inc.	6	Renovate Ministry of Trade Headquarters building	Baghdad	\$5,546,495
15	Toltest	3	Pump stations at Karbala (irrigation and drainage project) and Mandilee	Mandilee and Kabala	\$7,599,780
<b>Total</b>					<b>\$481,227,510</b>

## **Appendix C: Report Distribution**

---

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller)/Chief Financial Officer  
Director, Defense Procurement and Acquisition

### **Department of the Army**

Assistant Secretary of the Army, Acquisition, Logistics & Technology  
Auditor General, Department of the Army

### **Department of the Air Force**

Auditor General of the Air Force  
Air Force Center for Environmental Excellence

### **Other Defense Organizations**

Director, Iraq Project and Contracting Office (Formerly the Coalition Provisional Authority Program Management Office)  
Department of Defense Inspector General  
Director, Defense Contract Audit Agency

### **Non-Defense Federal Organization**

Chief of Mission, Baghdad  
Office of Management and Budget  
General Accounting Office  
Department of State  
U.S. Agency for International Development  
Department of Health and Human Services Inspector General  
Department of Commerce Inspector General

### **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
Senate Subcommittee on Financial Management, the Budget and International Security  
Senate Committee on Foreign Relations  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Subcommittee on Foreign Operations, Export Financing and Related Programs

House Committee on Armed Services  
House Committee on Government Reform  
House Subcommittee on Government Efficiency and Financial Management, Committee  
on Government Reform  
House Subcommittee on National Security, Emerging Threats, and International  
Relations, Committee on Government Reform  
House Subcommittee on Technology, Information Policy, Intergovernmental Relations,  
and the Census, Committee on Government Reform  
House International Relations Committee

# Air Force Comments



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS UNITED STATES AIR FORCE  
WASHINGTON DC

26 JUL 2004

MEMORANDUM FOR COALITION PROVISIONAL AUTHORITY INSPECTOR GENERAL

FROM: HQ USAF/IL  
1030 Air Force Pentagon  
Washington, DC 20330-1030

SUBJECT: Draft Audit Report, Audit of Task Orders by the Air Force Center for Environmental Excellence in Support of the Coalition Provisional Authority (CPA), (Project No. D2004-DCPAAC-00011)

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) to provide Air Force comments on subject report.

Regarding the single recommendation:

The CPA's successor agency with responsibility for reconstruction of Iraq should execute a Memorandum of Agreement (MOA) with AFCEE to clarify the scope of projects that AFCEE is expected to support. The MOA should specify contractor requirements (such as small or minority businesses) and define mutual contract administration responsibilities.

We concur with the recommendations. AFCEE has produced a draft MOA and will coordinate it with the Projects and Contracting Office (PCO) for approval and signature. The MOA is expected to be complete by 15 Aug 04. The MOA specifically addresses the scope of projects that AFCEE will execute on behalf of the CPA, the PCO, and successor organizations. The division of contract responsibilities is also clearly defined in the MOA between AFCEE, the PCO, and the Corps of Engineers – the designated PCO field oversight organization.

The audit point of contact is Ms. Jane Keller, AFCEE/MSR, DSN 240-5324, E-mail [jane.keller@brooks.af.mil](mailto:jane.keller@brooks.af.mil) and the action officer is Maj Karlo Jajliardo, AFCEE/TWA, DSN 240-4364, E-mail: [karlo.jajliardo@brooks.af.mil](mailto:karlo.jajliardo@brooks.af.mil).

MICHAEL A. AIMONE, P.E.  
Asst DCS/Installations & Logistics

cc:  
SAF/FM

# Iraq Project and Contracting Office Comments



16 July 2004

MEMORANDUM FOR: COALITION PROVISIONAL AUTHORITY  
OFFICE OF INSPECTOR GENERAL

SUBJECT: Draft Report – Audit of Task Orders Awarded by the Air Force Center for Environmental Excellence (Project No. D2004-DCPAAC-0011)

ATTN: John E. Betar, Assistant Inspector General for Auditing

As requested by your June 30, 2004 letter, same subject, the following information is provided in response to your recommendation on page 8. The recommendation is:

*The CPA's successor agency and the Director of AFCEE should formalize a Memorandum of Agreement (MOA) detailing respective responsibilities. At minimum, the MOU should:*

- *Define the extent and nature of AFCEE's support for Iraq reconstruction such as what projects will be accepted beyond the original request for renovation of facilities for NIA.*
- *Define AFCEE's role to permit AFCEE to plan better for allocating resources to support reconstruction requirements.*
- *Document the AFCEE –PMO relationship to ensure continuity of operations, including expected contract management by CPA's successor agency.*

We concur with the finding and recommendation and we are currently coordinating with AFCEE on the development of a draft MOA. As the successor to the Program Management Office (PMO), the Project and Contracting Office (PCO) will continue to ensure that every award represents the best value to the government and each award is evaluated on that basis.

AFCEE has been, and will continue to be an important part of our efforts to rebuild Iraq. Through AFCEE, we have access to qualified small business prime contractors and our access to all AFCEE contractors increases the competitive nature of our awards.

By monitoring performance on existing contracts, PCO intends to find where AFCEE, the Gulf Region District (GRD), U.S. Agency for International Development, and the sector contractors are excelling or may need improvement. Along with price and scheduling considerations, past performance is used to evaluate the suitability of contractors to perform effort and this process is used to create competition among the bidders to ensure that the taxpayers receive the best value possible.

Any questions regarding this matter should be directed to Mr. John Doherty, Audit Liaison, or the undersigned.



DAVID J. NASH  
Director

## **Appendix D: Audit Team Members**

This report was prepared by the Office of the Assistant Inspector General for Auditing, Coalition Provisional Authority.

John E. Betar  
Gerald P. Montoya  
David Wilcox  
David Griffin  
Michael J. Roark